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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

NOV - 5 1996

Federal Communications Commission
Office of Secretary

In the Matter of)	
)	
Implementation of the)	CC Docket No. 96-193
Telecommunications Act of 1996))	
)	
Reform of Filing Requirements)	
and Carrier Classifications)	
)	
Anchorage Telephone Utility)	
Petition for Withdrawal)	AAD 95-91
of Cost Allocation Manual)	

DOCKET FILE COPY ORIGINAL

Reply Comments of General Communication, Inc.

General Communication, Inc. (GCI), pursuant to the Order and Notice of Proposed Rulemaking(Notice)¹ hereby submits reply comments. The Commission seeks comment on rules to implement Section 402(b)(2)(B) and (c) of the Telecommunications Act of 1996 (Act).

Section 402(b)(2)(B) of the Act provides that "the Commission shall permit any common carrier . . . to file cost allocation manuals and ARMIS reports annually, to the extent such carrier is required to file such manual or reports." Section 402(c) addresses the classifications of carriers for purposes of Part 32.11, 43 and 64.903 of the Commission's rules. Section 402(c) states that "the Commission shall adjust the revenue requirements to account for inflation as of the release date of the Commission's

¹Implementation of the Telecommunications Act of 1996: Reform of Filing Requirements and Carrier Classifications, CC Docket 96-193, FCC 96-370, released September 12, 1996.

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Report and Order in CC Docket 91-141, and annually thereafter." Anchorage Telephone Utility (ATU) takes exception to these requirements as outlined in the Act and requests that it and other local exchange carriers (LECs) with under two percent of the nations access lines be exempt from these requirements. The Commission should adopt its proposed rules requiring ATU and carriers like ATU to comply with these requirements.

ATU is the largest LEC in the State of Alaska. It serves over half the state's population and has significant market power in the state of Alaska - its relevant market. However, ATU states that the ARMIS and CAM requirements as proposed in the Notice "will harm its ability to compete in the local exchange market, without providing any real benefit."² ATU stresses that the Commission should adopt a standard requiring the filing of CAM and ARMIS reports from carriers with over two percent of the nation's access lines. ATU states that this proposal will "provide the Commission with ample information on LECs serving the vast majority of access lines and would place the reporting requirements on the companies most able to bear them."³ This proposal should not be adopted.

Under the Act, ATU must comply with the requirements outlined in Sections 251 and 252 of the Act. On March 15,

²ATU Comments at i.

³ATU Comments at ii.

1996, GCI served upon ATU a request for negotiations pursuant to Section 251 and 252 of the Act. GCI requested to negotiate the issue of price, terms and conditions for all obligations under 251(b) and (c). ATU acknowledged the letter and stated "[w]e look forward to working with you, consistent with our obligations and protections contained in Section 251 of the Communications Act." However, ATU has claimed in pleadings filed with this Commission that they did not consider our letter to be a "bona fide request."⁴ Discussions and letters have led to arbitration on all issues.

On September 10, 1996, ATU-Long Distance (ATU-LD), a wholly owned subsidiary of ATU, received permission to enter the intrastate long distance business, subject to certain conditions.⁵ ATU-LD can enter the interstate long distance business at any time since it is not a Bell Operating Company (BOC), although in terms of size and market power relative to the Alaska market it is comparable to a BOC. ATU is required to maintain separate books and records for its interexchange operations, file audited statements, and revise its CAM annually. ATU is prohibited from using its assets, employees or market position to benefit ATU-LD "until such time as competition exists in ATU's local

⁴Comments of ATU, CC Docket 96-98, page 6.

⁵Bench Order Approving Application, Subject to Conditions, APUC Docket U-96-40, Order No. 1, released September 10, 1996.

market."⁶

The CAM and ARMIS requirements as outlined in the Notice must apply to ATU and other similarly situated carriers. ATU has no incentive to enter into negotiations or an interconnection agreement with any carriers since they can enter any and all businesses, including long distance, at any time. Under the Act, the BOCs are rewarded with entry into long distance once they comply with the competitive checklist. The CAM and ARMIS requirements are imposed on carriers such as ATU to ensure that they do not use their monopoly local exchange business to cross subsidize and support their competitive businesses. Since LECs such as ATU can enter the long distance business at any time, it is important that they meet the filing requirements for CAM and ARMIS as outlined in the Notice. Otherwise, these carriers who do not have any incentive to enter into interconnection agreements with competitors may use their monopoly LEC operations to cross subsidize their new ventures, including long distance.

ATU's request to have carriers with over two percent of the access lines comply with the filing requirements is inconsistent with the Act and Congressional intent. As noted above, Section 402(c) states that "the Commission shall adjust the revenue requirements to account for inflation as of the release date of the Commission's Report

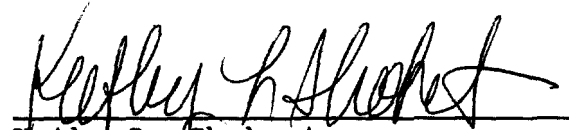
⁶Id., p. 3.

and Order in CC Docket 91-141, and annually thereafter." The Act specifically states that the requirement for filing should be based on an inflation factor⁷ over the \$100 million threshold outlined in the Expanded Interconnection proceeding. It does not state that carriers with over two percent of the access lines should file. Congress used the two percent standard in other parts of the Act. Congress was well aware of that standard and choose not to base the reporting requirements on that standard. The Commission cannot disregard the intent of Congress and establish a two percent standard.

The Commission should adopt the rules as proposed in its Notice.

Respectfully submitted,

GENERAL COMMUNICATION, INC.



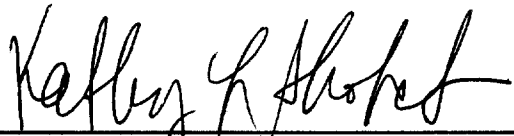
Kathy L. Shobert
Director Federal Affairs
901 15th St., NW, Suite 900
Washington, D.C. 20005
(202) 842-8847

November 5, 1996

⁷The inflation factor outline in the Notice is consistent with Commission policy.

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct.
Executed this 5th day of November, 1996.

A handwritten signature in cursive script, reading "Kathy L. Shobert", written over a horizontal line.

Kathy L. Shobert
Director, Federal Affairs
901 15th St., NW, Suite 900
Washington, D.C. 20005
(202) 842-8847

CERTIFICATE OF SERVICE

I, Kathy L. Shobert, do hereby certify that a copy of the foregoing Reply Comments of General Communication Inc. were mailed by first-class, postage prepaid on this 5th day of November, 1996 to the following:

William F. Caton*
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Ernestine Creech*
Common Carrier Bureau
Accounting and Audits Division
Federal Communications Commission
2000 L Street, N.W., Room 257
Washington, D.C. 20554

ITS*
2100 M Street, N.W.
Suite 140
Washington, D.C. 20037

Ameritech
Alan N. Baker
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196

Municipality of Anchorage
d/b/a Anchorage Telephone Utility
Paul J. Berman
Alane C. Weixel
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-7566

The Bell Atlantic Telephone Co.
Lawrence W. Katz
1320 North Court House Road
8th Floor
Arlington, VA 22201

BellSouth Corporation
BellSouth Telecommunications,
Inc.
William B. Barfield
M. Robert Sutherland
Suite 1700
1155 Peachtree Street, N.E.
Atlanta, GA 30309-3610

Cincinnati Bell
Telephone Company
Christopher J. Wilson
Jack B. Harrison
Frost & Jacobs
2500 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

Cincinnati Bell
Telephone Company
Thomas E. Taylor
201 East Fourth Street
6th Floor
Cincinnati, OH 45202

GTE Service Corporation
Richard McKenna
HQE03J36
P.O. Box 152092
Irving, TX 75015-2092

GTE Service Corporation
Gail L. Polivy
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036

MCI Telecommunications
Corporation
Alan Buzacott
1801 Pennsylvania Ave., NW
Washington, D.C. 20006

The NYNEX Telephone Cos.
Campbell L. Ayling
1111 Westchester Avenue
White Plains, NY 10604

Pacific Bell
Nevada Bell
Marlin Ard/April Fout
Lucille Mates
140 New Montgomery St.
Room 1526
San Francisco, CA 94105

Pacific Bell
Nevada Bell
Margaret E. Garber
1275 Pennsylvania Avenue, NW
Washington, D.C. 20004

Puerto Rico Telephone Co.
Joe D. Edge
George Galt
Drinker Biddle & Reath
901 15th Street, N.W.
Washington, D.C. 20005

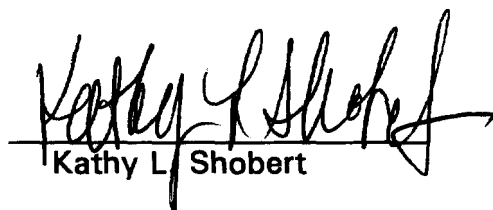
Sprint Corporation
Jay C. Keithley
1850 M Street, N.W.
Suite 1100
Washington, D.C. 20036

Sprint Corporation
Craig T. Smith
P.O. Box 11315
Kansas City, MO 64112

Southwestern Bell
Telephone Company
Robert Lynch/Mary Marks
Durward Dupre
Jonathan Royston
One Bell Center
Room 3520
St. Louis, MO 63101

United States Telephone
Association
Mary McDermott/Linda Kent
Charles Cosson
Keith Townsend
1401 H Street, N.W.
Suite 600
Washington, D.C. 20005

U S West, Inc.
Robert B. McKenna
Suite 700
1020 19th Street, N.W.
Washington, D.C. 20036


Kathy L. Shobert

*Via Hand Delivery